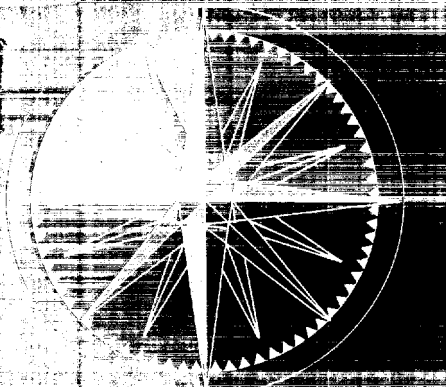


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14 February 1964

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WEEKLY SUMMARY

DHS Review Completed. State Dept. review
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CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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The Communist World

SOVIET PLENUM ON AGRICULTURE

Speeches thus far during the USSR's central committee plenum which began on 10 February give a clear picture of plans for Soviet agriculture in the next few years and indicate no major policy changes.

Effort in traditional farming areas is to increase, with little or no expansion of total acreage. The chief emphasis is to be on grain, which for the first time in Soviet practice is to receive large applications of chemical fertilizer. An irrigation program is well along in the planning stage and, if implemented, will make still another major claim on Soviet economic resources.

Over the next several years, land under irrigation is to increase by one third--an additional 6.9 million acres (size of Maryland). Two thirds of this new irrigation will take place in the semiarid areas of the Russian Republic and the Ukraine, with only one third in Central Asia and the Transcaucasus, where most irrigation now takes place.

Virtually all of the new irrigated lands will be devoted to grain--rice, corn, and wheat --and in addition some 6.4 million acres already under irrigation will be shifted to grain crops, principally at the expense of hay.

Cost estimates of the program vary. Last September, Khrushchev, outlining much the same program as described by the chairman of the State Committee for Irrigation at the plenum, set the cost at 7.3 billion

rubles (1 ruble nominally equals \$1.11). The chairman, however, implied that it might cost considerably more. Even Khrushchev's figure is more than the cost of the New Lands grain program of the mid-1950s and even somewhat more than the fertilizer portion of the chemical program announced last December.

While irrigation does not require the complex machinery associated with fertilizer production and application, it nevertheless will make significant demands on industry for tractors, scrapers, pumping stations, and pipe. In addition, maintenance and operation costs will impose a continuing and fairly heavy expense on the economy.

The return from the new irrigation will almost certainly be less than the regime apparently expects. Khrushchev's estimate of an extra 15 million tons of grain a year would mean an average yield per acre far above what is obtained through irrigation in the US and, in the case of wheat, nearly four times that presently obtained from irrigation in the USSR--although admittedly wheat now being irrigated is not grown under optimum conditions.

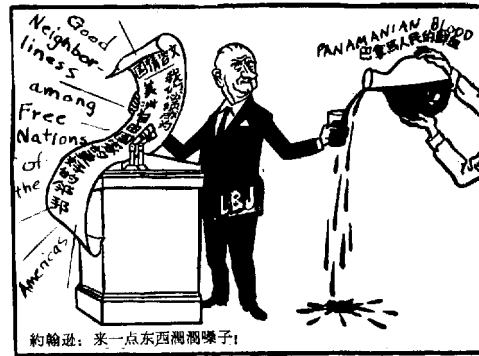
It is clear from the emphasis given the use of irrigation and fertilizer in the traditional farming areas of European Russia that these are intended to supplant the New Lands as the chief source of large increases in grain. The New Lands program, in its prime, provided nearly one quarter of all grain production, but year-in-year-out cropping on these marginal lands has resulted in

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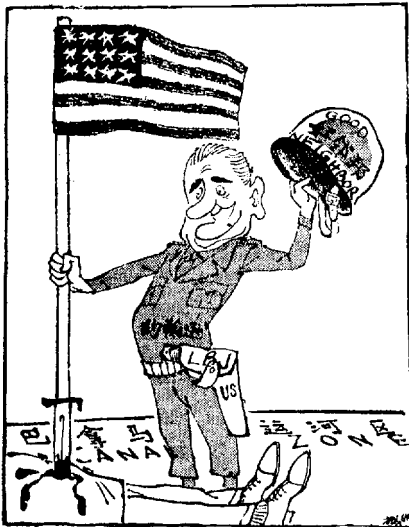
TYPICAL ANTI-US CARTOONS IN THE CHINESE COMMUNIST PRESS



Kennedy bites the dust.
(Peiping Worker's Daily, 24 Nov 63)



"Give me a little something to wet my whistle."
(People's Daily, 14 January 1964)

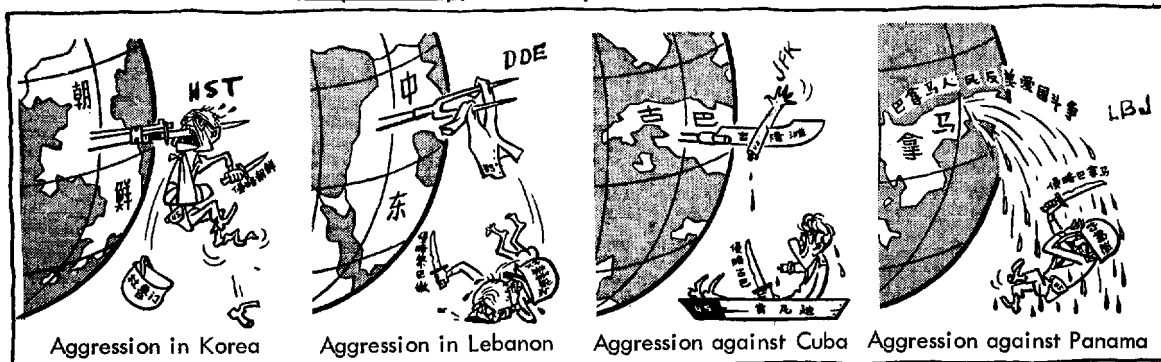


Trying his skill for the first time
(People's Daily, 13 January 1964)



Yankee Peace Banner
(People's Daily, 23 January 1964)

LINE OF SUCCESSION (People's Daily, 20 January 1964)



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The Communist World

rapid deterioration. The resulting erosion problem is serious and is not likely to be solved without taking huge amounts of land out of cultivation and introducing soil conservation practices on a wide scale.

It is not clear whether the regime intends to take these steps, but it evidently is not planning for large increases in grain output from the area. For example, Kazakhstan--which contains a major part of the

New Lands--is expected in the future to do no more than equal its 1962 crop, while grain output in the Ukraine is intended to double.

Summaries of speeches given at the plenum indicate that the regime will take steps to increase farm production through greater material incentives--larger money wages and bonuses for collective farmers--but there has been nothing to suggest plans for any basic alteration in the present system of collectivized agriculture. [REDACTED]

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PEIPING INTENSIFIES HATE-THE-US CAMPAIGN

One of the fundamental aspects of Chinese Communist policy has been a sustained campaign of hostility toward the United States both at home and abroad. The outbreak in January 1964 of the Panama Canal crisis excited Peiping propaganda to new shrillness in pursuit of this policy. Nationwide mass rallies in support of Panama reportedly involving more than 16 million people highlighted a major campaign of vilification carried on in the press and in both domestic and international radiobroadcasts.

The campaign, the most vituperative since the 1958 Peiping lambasting of American landings in Lebanon, frankly seeks to use events in Panama to demonstrate that the United States is "the most vicious enemy of the people of all countries." This constantly reiterated theme appears most strikingly in Chinese Communist press cartoons. Long

noted for the vulgarity, rudeness, and viciousness of their anti-Americanism, they have demonstrated fresh vehemence during this most recent campaign. Although Chinese party officials privately conceded the poor taste of a cartoon following President Kennedy's assassination entitled "Kennedy Bites the Dust," cartoons published since then show no greater refinement.

In line with Peiping's conviction that all American leaders are equally malevolent representatives of a single aggressor clique, Chinese cartoonists have merely substituted President Johnson for President Kennedy as the world's number-one bogeyman.

Although the Chinese cannot expect to capitalize for long on events in Panama, they will doubtless find other issues on which they can malign the United States in pursuit of their policy objectives. [REDACTED]

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The Communist World

EAST GERMANY'S "NEW ECONOMIC SYSTEM"

Walter Ulbricht's remarks to the East German party's 3-7 February enlarged central committee plenum called largely to discuss the economic situation show that, despite the opposition of certain extremists, he will continue to implement generally realistic economic policies, including such Soviet-approved devices as allowing greater initiative in industrial management. The tenor of his speech suggests that he is under pressure both from hard-liners who oppose the "new economic system" and from more liberal party elements who want changes in the political sphere as well.

Ulbricht made an extraordinary effort to appear more liberal. He attacked entrenched bureaucrats and advocated some degree of economic experimentation, defending his position in terms of Lenin's method of making a realistic appraisal of a situation and taking appropriate steps.

Parts of his speech suggest that he may even have been attacked personally as a Stalinist survival, probably by younger party elements, for the regime's economic difficulties. He admitted the use of harsh methods but tried to excuse them on grounds of postwar equipment shortages and lack of economic expertise--precisely the bases for charges leveled at him by, competent economic administrators. In an evident attempt to silence critics who assert that the USSR forced East Germany to institute de-Stalinization measures, Ulbricht alleged that the East German party leadership,

"on the basis of its own analysis of the situation," had corrected the evil effects of Stalinism in a relatively short time.

Although he displayed sensitivity to charges that the new economic approaches are capitalistic in character, he called attention to Western literature on industrial management which "contains many interesting and useful points." His call for honest appraisal of economic problems was echoed by the younger, technically trained economists who appear to have dominated the meeting.

Central committee secretary Guenther Mittag, for example, declared: "Available information and documents are of no avail if we do not, in the interests of our cause, honestly assess our own work and results achieved in other countries, and if we hide or belittle our own faults and arrears." At the same time Werner Jarowsky, newly installed secretary for trade and supply matters, indicated that the regime would make a greater effort to provide consumer goods in the current seven-year plan period.

The results of the party plenum published to date suggest that the regime at long last is making a genuine effort to rid itself of the Stalinist stigma--but not of Ulbricht--and to deal somewhat more honestly with the population. The new trend certainly reflects developments in the USSR. It may also indicate that younger party elements believe that only in this manner can East Germany become more closely attuned to the liberalizing tendencies evident elsewhere in the bloc.

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The Communist World

NORTH VIETNAMESE FOOD PROBLEM WORSENS

The 1963 food output in North Vietnam was far below even the mediocre harvests of 1962, resulting in the fourth straight year of severe agricultural shortfalls. The scanty harvests will require a further tightening of the already marginal North Vietnamese food rations--at least through the spring harvest of 1964. Famine conditions probably will not develop, however, except possibly in some isolated mountainous areas of the country.

A combination of severe drought and flooding caused substantial damage to spring and fall crops in 1963. The impact of adverse weather was heightened by the widespread agricultural mismanagement which has been a chronic problem under the Communists. The 1964 outlook is not yet clear, although weather conditions late this winter appear to have been somewhat better than last year.

The 1963 agricultural difficulties have already led to ration cuts in at least some areas. [REDACTED]

have thus far seen no evidence that the food situation is desperate. In the past, small amounts of food--obtained in part from routine purchases abroad--have been distributed in crucial areas, and this has reduced the impact of poor harvests. There are as yet no indications that last year's agricultural difficulties resulted in an extraordinary program of food procurement abroad.

Public and party morale in North Vietnam has been sharply

depressed by the repeated food shortages. Continuation of marginal conditions into 1964 will doubtless sap morale still further. There does not appear to be any prospect of serious public unrest, however, nor does the stability of the regime seem threatened. More important from Hanoi's standpoint is the likelihood of a deepening of public apathy and resentment toward government efforts to improve agricultural production by socialization.

The regime is clearly concerned over its persistent agricultural setbacks. It has initiated a drive to increase 1964 agricultural output, with special emphasis on better managerial and control techniques. Regime propaganda has indicated that the "regular and extraordinary" activities of the army--presumably support of insurgency in Laos and South Vietnam--now require larger amounts of food. The armed forces have been mildly admonished to make more economical use of their food, and to participate more wholeheartedly in food production.

Current agricultural difficulties probably will not have a dampening effect on the aggressive North Vietnamese foreign policy. Support of Communist forces in Laos and South Vietnam at present levels does not appear to be a particularly heavy drain on North Vietnam's economy. Hanoi has in the past, moreover, demonstrated its willingness and ability to commit very large slices of its resources to prime political objectives. [REDACTED]

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Asia-Africa

BOLDER VIET CONG ACTIVITIES IN SOUTH VIETNAM

Until a seven-day Communist cease-fire began early this week, an intensive level of Communist activity had been sustained in South Vietnam following the 30 January coup. This included a marked step-up in terrorist bombings with American personnel as prime targets.

The scale and boldness of these recent Viet Cong attacks, coupled with an intensified rate of harassing actions, sabotage, and terrorist propaganda, seems to have had an erosive effect on popular and troop morale. There have been numerous reports of paramilitary posts and strategic hamlets being overrun or destroyed with little or no resistance from defending forces, and sometimes with their collaboration. There are signs that much of the rural population, uncertain of the reason for the latest change in Saigon, is apathetic and willing to resist the Communists only if government military protection is immediately available.

A drop in Viet Cong armed attacks is occurring with the onset of South Vietnam's Tet, or lunar new year period, for which the Communists proclaimed a "cease-fire" from 11 to 17 February. While they probably feel they must honor an earlier promise of a holiday respite for their troops, the Viet Cong may also hope to demonstrate a capability to hasten or slow the pace of the fighting at their own whim.

Reports from several critical provinces near Saigon suggest relatively little progress by the government--and, in some cases, setbacks since the 1 November coup. As a result of the second coup, some province chiefs now appear uncertain of their status and feel that pacification programs must await new directives. Some senior officers appear to regard Maj. Gen. Nguyen Khanh's takeover as merely the substitution of one generals' clique for another.

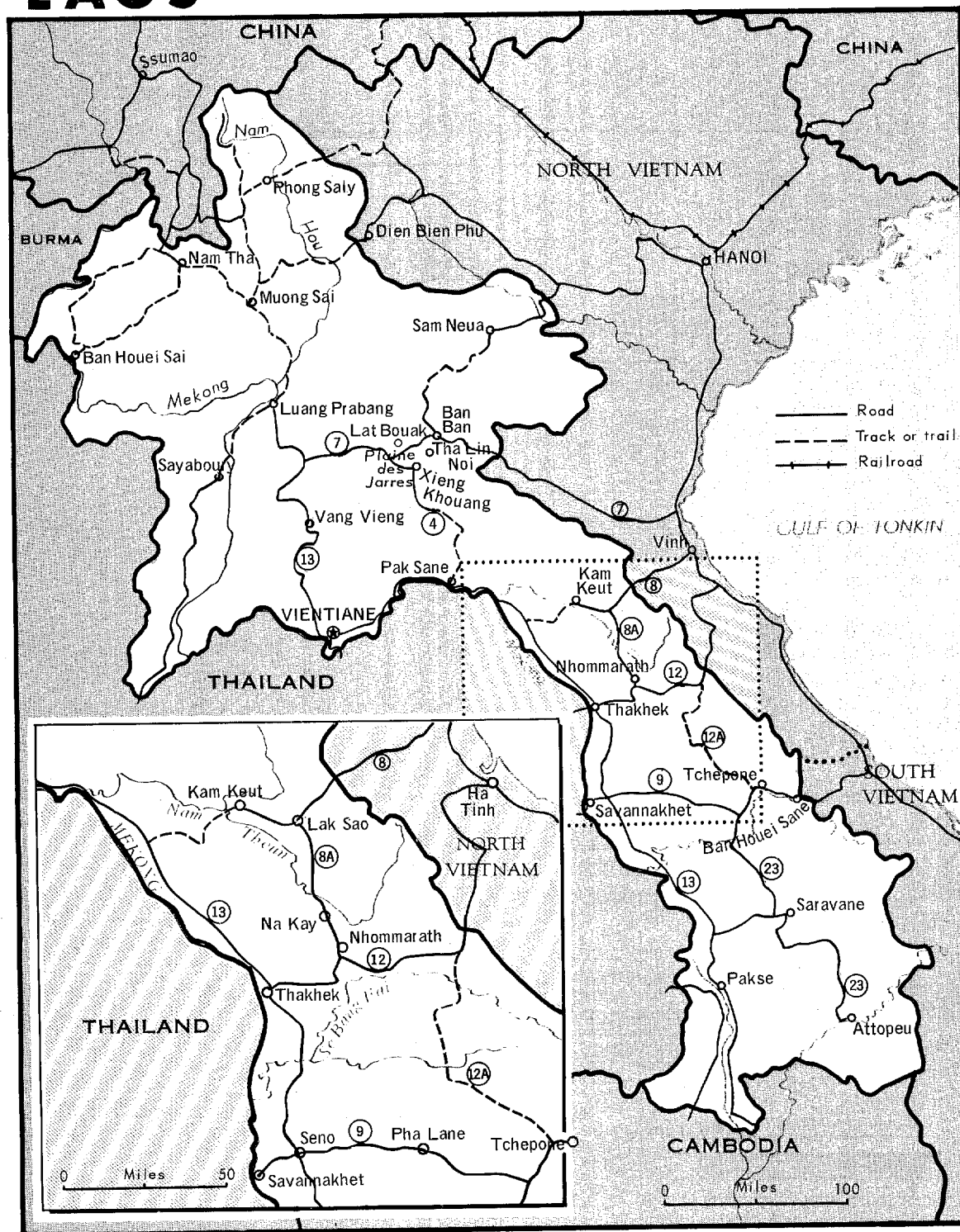
The government established by Khanh on 8 February nonetheless offers some prospect of firmer leadership than its predecessor. Khanh has assumed the post of premier, and his cabinet is more broadly representative of the country's geographical regions, religions, and leading political parties. Khanh apparently hopes this will result in the crystallization of a two-party system, with the government party emerging from a unification of the rival Dai Viet party factions now represented in the cabinet.

Khanh has persuaded the popular chairman of the deposed junta, Maj. Gen. Duong Van "Big" Minh, to serve as nominal chief of state. Minh told American officials he agreed to cooperate in order to keep the armed forces from fragmenting, but he has appeared personally depressed and could become a focal point for potentially discontented elements in the military.

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Asia-Africa

COMMUNIST PRESSURE RISES IN LAOS

Communist military pressure is on the rise in widely separated areas of Laos. While Vientiane's immediate concern remains the threat to Thakhek in the central part of the country, Communist attacks in the Plaine des Jarres area and a troop build-up in Sam Neua Province, farther north, point to developing campaigns against anti-Communist positions in these regions also.

The strong force of several Pathet Lao and North Vietnamese battalions east of Thakhek still shows no signs of preparing for a direct assault on the strategic Mekong River town. However, small units are reported to be moving deeper into the lowlands to the north and approaching within a few miles of main Route 13. In the Plaine des Jarres area reinforced Communist forces are moving out from Xieng Khouang town to assault ridge positions from which government forces have operated to virtually isolate that Communist-held provincial capital for many months.

The Pathet Lao contend that they have been forced to take countermeasures against Lao Army provocations in "liberated territory." Uncertainty over Communist military intentions is causing concern and confusion in Vientiane. Premier Souvanna is anxious to arrange a suitable atmosphere for the

tripartite talks that had been contemplated, and has called on foreign representatives in Laos to use whatever influence they may have to restrain the Pathet Lao. The Pathet Lao, while professing a strong desire for talks, show no inclination of withdrawing to previous positions as a precondition.

As an immediate step to ease the military threat, Souvanna is pushing for an International Control Commission (ICC) investigation of the recent fighting in the Na Kay area northeast of Thakhek. If the Pathet Lao continue to block such an investigation, Souvanna wants at least to establish an ICC presence in that territory outside Thakhek which is still in the hands of neutralist and rightist forces.

The Lao Army reverses have damaged General Phoumi's prestige. To defend himself against criticism within his own camp and to bolster his arguments against talks with the Pathet Lao, Phoumi is exaggerating the seriousness of the military situation, particularly the extent of North Vietnamese involvement. He also speaks of the need for "drastic action," and has hinted of possible "spontaneous" popular demonstrations against the North Vietnamese Embassy and Pathet Lao mission in Vientiane. There also is talk again of a right-wing coup in Vientiane, and Souvanna seems increasingly concerned for his personal safety.

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Asia-Africa

AREA NOTES

Malaysia: The conference in Bangkok of Indonesian, Philippine, and Malaysian foreign ministers ended on 10 February without agreement on the withdrawal of Indonesian guerrillas from Malaysian territory. The conferees endorsed the principle of the cease-fire, but Malaysia formally noted that the truce could not be fully effective until Indonesian forces withdraw. President Sukarno told the US ambassador in Djakarta on 9 February that the guerrillas would remain "in pockets in the jungles" until some progress is achieved in the political arena.

The ministers agreed to meet again in Bangkok, probably within a month, before the proposed summit meeting of heads

of government. The Borneo border area has become relatively quiet, with neither side reporting serious clashes or violations of the cease-fire--to be supervised by Thai officials.

Following the ministerial meeting, Malaysian Prime Minister Rahman and Philippine President Macapagal met in Cambodia to settle their differences arising from the formation of Malaysia. Rahman reportedly did not press for recognition at this time and agreed to discuss the Philippine claim to part of Sabah (North Borneo)--the main issue blocking normal diplomatic relations between these two countries. As a first step, each country is also prepared to establish a consulate in the other's capital. [REDACTED]

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Yemen: Saudi Arabia and Egypt may be moving gradually toward an accommodation. despite their differences, especially over Yemen. Saudi Arabia has offered to restore diplomatic relations with Egypt if outstanding problems are resolved. Cairo has responded favorably

and indicated willingness to send a delegation to Saudi Arabia for talks.

Inside Yemen, royalist activity south of Sana, the capital, has picked up and is interfering with traffic on the roads to the town. [REDACTED]

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Asia-Africa

THE SITUATION ON CYPRUS

The most serious clashes since the establishment of a cease-fire in late December erupted throughout Cyprus this past week and threaten to provoke early Turkish intervention. A running battle in the south coast port city of Limassol has produced 150 or more casualties.

In Nicosia, a dangerous situation has developed over the continued detention of four Greek Cypriot intelligence service personnel by Turkish Cypriots who refuse to release them until told of the whereabouts of up to 180 Turks missing since late December. Vice President Kuchuk has publicly expressed the view that the missing people have been murdered.

Both men and women in the Greek community are receiving weapons training.

President Makarios in negotiations this week has re-

mained firmly opposed to the revised British-American plan for an international police force. He continues to insist on a UN role to provide protection against aggression from Turkey. Proposals to expand the British peace-keeping force by bringing in troops from other NATO countries continue to be denounced in the Greek Cypriot press and at public rallies. A right-wing opponent of Makarios has violently denounced the US in a speech before some 600 Cypriots.

The well-organized Communist Party on Cyprus is exploiting the present anti-Western sentiment.

In Turkey, the government is under increasing pressure to exercise its right under the 1960 Treaty of Guarantee to intervene unilaterally on Cyprus, and will almost certainly do so if the Turkish Cypriots send a direct appeal.

In Greece, public concern over Cyprus has increased, and there have been further anti-NATO demonstrations in Athens and Thessaloniki. In the campaign for the 16 February national elections, the small Communist-front party has tried to capitalize on the Cyprus issue.

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Asia-Africa

NKRUMAH MOVES TO TIGHTEN GRIP ON GHANA

President Nkrumah is moving rapidly to strengthen his grip on Ghana and reshape it on models found in Communist countries. While some such action was implicit in the recent manipulated vote endorsing a one-party state, he has also been spurred on by continuing fear for his personal security in the wake of the abortive attempt on his life last month. His anxiety has been heightened by recent rumors--apparently unfounded--of an impending army takeover.

In a seeming effort to distract public attention from these rumors and to provide a scapegoat, Nkrumah last week turned on another intensive anti-American propaganda campaign through his Communist-influenced Convention People's Party (CPP). Concurrently he deported four US faculty members at the University of Ghana for "subversive activities" and reportedly ordered Ghanaian officials to shun Americans. The US Embassy in Accra noted late last week that its contacts with Ghanaians--both official and nonofficial--had already become more limited.

Behind all these moves lies Nkrumah's deep conviction that US "imperialists" are bent on liquidating him. The increased number of Soviet personnel reported to be functioning now within his heavily guarded residence suggests that he is relying

more and more on Moscow to provide him even with physical protection.

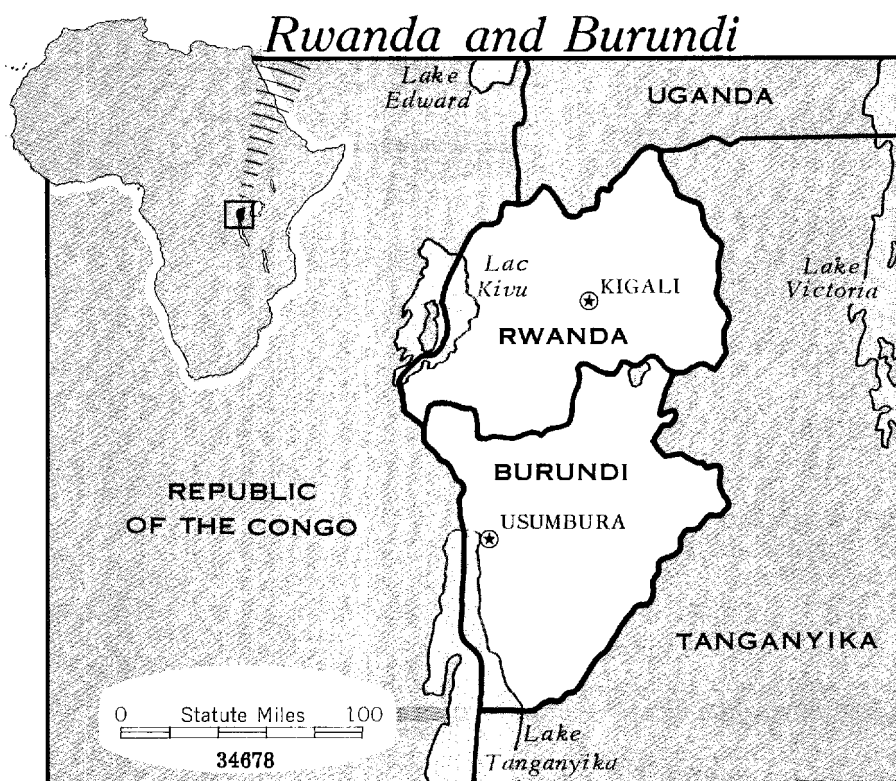
Nkrumah has cracked down sharply on university students, the bulk of whom have long been critical of the regime's leftward drift. On 3 February the leader of the independent-minded Ghanaian student organization was arrested. Two days later it was announced that all government scholarships--on which most university students depend--will henceforth be reviewed annually. A major requirement for renewals is "good conduct," interpreted in the controlled press as "close identification with the spirit and objects of the party."

Students reportedly were seriously considering an early gesture of defiance, but appear to have been intimidated, for the present at least, by a massive demonstration at the university on 8 February in which CPP toughs were assigned a prominent role. There are some indications that Western-oriented civil servants may be Nkrumah's next target.

Ghana's Parliament meets next week to enact the constitutional amendments approved in the late January referendum. The CPP will then legally assume its "leading core" role and the President will have discretion to fire at will top-echelon members of the formerly independent judiciary. Replacement of several British-trained judges will probably soon follow.

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Asia-Africa

TENSIONS HIGH BETWEEN RWANDA AND BURUNDI

Incursions into Rwanda over the last three months by Tutsi tribal exiles living in Uganda, Tanganyika, the Congo, and Burundi have resulted in massive bloody retaliation by Rwandan authorities against Tutsis remaining in the country, and may bring clashes between Rwanda and Burundi. Conservative estimates put the Tutsi dead at 10,000.

The disturbances find their genesis in the overthrow in 1959-60 of the centuries-old Tutsi feudal kingdom in Rwanda, then a Belgian trust territory. The majority (85 percent) Hutu tribe established an all-Hutu republican regime under President Gregoire Kayibanda. The deposed king, Mwami Kigeri V, and 150,000 refugees fled into neighboring countries. There the Mwami and his followers, under the banner of the Rwandan National Union (UNAR), plot a Tutsi return to power. Burundi remains a Tutsi-dominated kingdom although the Hutu majority there have increasingly been brought into the government.

Peiping is exploiting the Tutsi cause.

Peiping and Burundi established diplomatic relations in December and a Chinese embassy is being set up in Usumbura.

Ever since Rwanda and Burundi gained independence in July 1962, Tutsis have conducted sporadic forays into Rwanda. Since late November UNAR agitators have persuaded large numbers of refugees to join in a massive "invasion." While as many as 3,500 have formed up for this purpose, only a few small groups have actually crossed the border. On two occasions, authorities in Burundi and the Congo thwarted Tutsi attempts to invade Rwanda.

In late December, however, one incursion advanced from Burundi to within 13 miles of the Rwandan capital, creating considerable panic. The Rwandan massacre of Tutsis followed.

Rwanda and Burundi have charged each other with aggression and appealed to the United Nations, and Rwanda has appealed to fellow Afro-Malagasy Union states and to the Organization of African Unity. President Kayibanda, convinced that Burundi authorities are encouraging the Tutsis, threatens to exterminate the 250,000 or so who remain in Rwanda if the attacks continue. Burundi's charges that Kayibanda has already massacred 16,000-18,000 Tutsis do not seem greatly exaggerated. Each side has moved some of its small military forces (some 1,500 each, counting police) to the common border. Although each force is under the general control of Belgian training officers, clashes may nevertheless result.

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Asia-Africa

THE SITUATION IN EAST AFRICA

The political picture in East Africa has clarified somewhat but, with the possible exception of Uganda, instability is likely to remain the keynote in each of the four countries recently disturbed by mutiny or revolt.

In Zanzibar, a month after the coup, lines of power are becoming discernible, although the government's external orientation is still hazy. The only US official on the islands reports that President Karume and Foreign Minister Babu dominate the regime. Pro-Communists other than Babu reportedly occupy secondary positions. The entire civilian structure operates in the shadow of "Field Marshal" Okello and his gun-toting cohorts, who hold ultimate power but have been generally apolitical since the days immediately after the coup.

The economy is said to be at a complete standstill, and this fact--coupled perhaps with pressure from neutralists within the regime--apparently is tempering any inclination to rely solely on Communist support. Instead, the government seems to be trying to establish the broadest possible connections abroad. Financial considerations seem likely to remain an important factor in Zanzibar's foreign policy.

Unrest in Zanzibar, with its communal bitterness and evidence of outside involvement, has aroused anxiety in Kenya. In Prime Minister Kenyatta's cabinet, long-standing personal and political differences are

increasingly taking the form of rivalry between Kikuyu and Luo tribesmen. Luo leader Oginga Odinga, a radical opportunist with many financial ties to the Communists, is trying to undermine Kenyatta, a Kikuyu. Kenyatta, who reportedly deprecates the tribalism issue, nevertheless has come to rely on an inner circle of advisers who are nearly all Kikuyu. He is reluctant to force a showdown with Oginga, however, because to do so would probably lead to a period of extensive tribal conflict.

In Tanganyika, President Nyerere and Foreign Minister Kambona apparently have shelved their differences for the time being. They will try to impose penalties on the leaders of January's mutiny that are stiff enough to discourage further attempts, but not so severe as to cause serious political repercussions.

The brief mutiny of Ugandan troops in late January and the government's subsequent request for British troops do not seem to have affected Prime Minister Obote's drive to set up a one-party state and to concentrate power in his own hands. Last week he felt strong enough to deliver a verbal attack on the important Baganda tribal group which is nominally allied with his party in the legislature. Obote has alienated many Ugandans during this drive, but the opposition, while vocal, seems divided and lacking in positive plans.

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Europe

STATUS OF THE MULTILATERAL FORCE DISCUSSIONS

An eight-nation working group has made considerable progress in its initial examination of the political and military issues involved in the establishment of a NATO multilateral nuclear force (MLF). Several important questions remain unanswered, however, and political problems within some participating countries make it uncertain how the talks will now proceed. The Italian cabinet would probably collapse if called on to commit itself formally to the project at this time, and the British Government apparently hopes to spin out the study phase until after this year's general elections.

The working group and its military and legal subgroups have examined the questions of membership, juridical status, organization, and financing of the proposed force and its relationship to NATO. The delegates have also broached the control problem, which will probably be one of the hardest to solve. The working group did agree to set up a mixed-manning demonstration, but the participation of Greece and Turkey may be affected by the Cyprus dispute.

While the MLF has thus maintained some momentum, consideration of the next steps to be taken has pointed up the formidable political obstacles. The US Embassy in Rome has cautioned that any strong inference that the MLF has passed from the study to the treaty-drafting stage would likely result in "unhelp-

ful political reactions" in Italy. The embassy reports that recent contacts with Italian Socialist leaders have shown stiffening opposition to an MLF--centered on grounds that it would lead to the nuclear armament of West Germany. Moreover, the embassy feels that Socialist objections would be reinforced if West Germany were to become the only major European power in an MLF--contrary to the claim of the West German ambassador to NATO that Italy would not be able to stay out if Bonn joins.

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AREA NOTE

Italy: Recurrent nationwide strikes in Italy involving about 1,250,000 unionists pose a direct threat to government efforts to fight inflation with austerity

measures. In all of the disputes the two major non-Communist labor confederations have coordinated action with the Communist-dominated one.

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A 24-hour general strike of over a million government employees on 5 February completely disrupted a number of public utilities and other services. The government has offered to implement long-promised civil service reforms but wants to spread the cost over a three-year period to reduce the effects on its austerity program. The union leaders rejected this

plan but did call off another strike scheduled for 13-14 February and express some optimism about a solution.

Other major strikes involving some 650,000 workers in the chemical and textile industries are under way or planned. Each group is seeking a 20-percent increase in wages. 25X1

THE CANAL CRISIS AND PANAMANIAN POLITICS

The hero's welcome staged for OAS Ambassador Miguel Moreno when he returned to Panama on 10 February enhanced his prospects as a candidate in the forthcoming presidential elections and overshadowed the arrival of the OAS investigating committee the next day.

Moreno's intemperate presentation to the OAS of Panama's charges of US aggression confirmed suspicions that he would use this mission to further his presidential ambitions. 25X1

These two groupings have been divided thus far in support of two lackluster candidates. If they combine behind Moreno, the traditional ruling group would have a single candidate with sufficient popular appeal, financial resources, and governmental backing to defeat Arnulfo Arias, whose chances for election have been mounting. Some Panamanians reportedly fear, however, that Moreno's rabid national-

ism might lead him to an accommodation with pro-Communist elements.

A scheduled 15 February rally of the Communist-guided Committee for the Rescue of National Sovereignty, which is being widely publicized by news media, may be timed to impress the OAS committee as well as to maintain "popular" pressure on the Chiari government to stand fast on the canal dispute. The minister of government recently echoed extremist criticism of the slowness of OAS procedures and threats to resort to the UN when he received student marchers at the presidential palace. An editorial in the newspaper owned by the Chiari family subsequently asserted that the time had come for "Panama to abrogate the canal treaties unilaterally."

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CUBA AND THE US NAVAL BASE

Castro's 6 February action against the US Guantanamo Naval Base water supply was apparently intended to dramatize the whole series of Cuban complaints against the US. The 5 February Cuban note to the UN Secretary General pointed out that the seizure of the four Cuban fishing boats in US waters was just one more incident in a US "policy of aggression." It bluntly warned that this latest episode, unless "urgently neutralized in a proper manner," could lead to a situation similar to the 1962 missile crisis.

Statements by Cuban leaders since 6 February have repeatedly stressed that the naval base issue is only one facet of the US "policy of aggression" which "should be discussed." Castro himself specifically referred to violations of Cuban air space and territorial waters, alleged US subversive activities in Cuba, "pirate" raids against Cuban targets, and US efforts to isolate Cuba diplomatically and economically from the non-Communist world. This in effect reiterates the "Five Points" Castro put forward in October 1962 as the requisites for peace in the Caribbean area.

The Cubans are apparently staking out their positions on issues on which they may intend, at a time of their own choosing, to formally demand UN consideration. Castro declared on 6 Feb-

ruary that "we are not proposing a fight over the base," and President Dorticos repeated the next day Cuba's long-standing position that its claim to the base territory will be formalized "at such time as we consider convenient...through international channels and organs."

Although the evidence remains circumstantial, there are indications Havana may have deliberately touched off the latest series of incidents to provoke a US response. The fishing boats acted provocatively when they knew they were under US Coast Guard surveillance on 2 February. Some of the crewmen told US authorities they had been ordered into US waters, that they were advised before leaving Havana of their "historic" mission, and that, if their boats were not molested by US authorities, other ships would be sent.

[redacted] some military equipment, including tanks and artillery, have been moved from Cuban military encampments in eastern Cuba. [redacted]

While Soviet statements suggest readiness to give Castro strong propaganda and diplomatic support for his present

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actions, Moscow probably will seek to prevent his anti-US agitation from inflicting serious damage on US-Soviet relations.

Reaction in Latin America has been moderate and generally favorable toward the US. The strongest support came from the Central American governments and the Dominican Republic. However, official and public opinion in some countries is opposed to an intensified US economic offensive against Cuba.

The embassy in Mexico City reported that even the leftist press there did not react strongly on the Guantanamo issue and that Cuban-US developments were generally overshadowed by other events. A sub-secretary of the Mexican Foreign Ministry expressed the belief that the fishing boat incident was a deliberate effort on Cuba's part to provoke a US response which would provide a pretext for cutting off the Guantanamo water supply.

A Chilean Foreign Ministry official stated a similar view, adding that the provocation was designed to bring pressure for revision of the Guantanamo treaty while the atmosphere was clouded by the events in Panama. On the other hand, he was "noncommittal" on the need for increased economic pressure on Cuba. Noting the continued trade between Cuba and various European countries, he stated that the US economic offensive against the Castro regime is not proving successful. Colombian and Costa

Rican officials had similar opinions on the effectiveness of the US economic campaign.

The Argentine press stressed US efforts to become self-sufficient in water at the naval base. The press in Brazil emphasized other aspects of the problem, such as the defection of US citizen Dennis Kirby, but no adverse editorial reaction was evident in Brazilian radio or newspaper accounts.

Foreign Ministry spokesmen in Nicaragua, Honduras, El Salvador, Guatemala, and Haiti expressed solid support for the US. Most of them asserted that Castro will continue his "aggressive course of action" in the hemisphere and that the US policy toward Cuba "must remain firm." Some criticized those US allies whose pursuit of trade is "overcoming their interest in an anti-Castro alignment."

The Dominican regime, possibly attempting in part to ingratiate itself with Washington, gave the most categorical support to the US of all the governments in the hemisphere. The president of the ruling junta said the Dominican Republic was willing to provide all assistance "within its capabilities" for any action Washington wished to take against Castro. He specifically offered to supply water, equipment, manpower, transportation, and "bases."

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MEXICAN FOREIGN POLICY DEVELOPMENTS

Mexican President Adolfo Lopez Mateos will meet with President Johnson in California on 21 and 22 February in the first of a series of talks Lopez has planned with other heads of state before his term ends this December. Gustavo Diaz Ordaz, who as presidential candidate of the ruling, semiofficial party is Lopez' certain successor, is likely to retain the main lines of his foreign policies. These include a cordial but "independent" relationship with the US, a tendency to expand contacts with the bloc, and refusal to cooperate on any strong hemispheric action against Cuba.

The settlement late last year of the long-pending Chamizal territorial dispute leaves US-Mexican relations relatively free of serious difficulties at present. However, one potentially grave problem is that raised by US water conservation policies in southwestern Arizona which have caused adverse effects in the Mexicali valley, an important agricultural area in northwestern Mexico. The Lopez government has long been pressing the US to take measures to reduce the excessive salinity of Colorado River water of US origin which is used in irrigating the Mexicali valley. Mexico also charges that the projected drilling of 200 deep wells near the Mexican border will dry up the Mexicali underground water supply. Mexican authorities in the area regard the latter issue as potentially the more harmful to US-Mexican relations. Communists, who perhaps are more numerous and politically influen-

tial in the valley than in most other regions of Mexico, are exploiting both problems.

Mexico's dealings with Communist China are at present another important aspect of Lopez' foreign policy. Mexico recently has taken several steps--including greater sales of agricultural products--which will increase commercial and cultural contacts. The government reportedly will permit Chinese Communist press representatives--in Mexico since last July--to remain at least six months longer and authorize Peiping to establish a permanent five-man trade delegation. Moreover, increasing speculation [redacted]

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[redacted] that Mexico will grant diplomatic recognition to Communist China will probably be even more pronounced during and following the scheduled 16-19 March visit to Mexico of French President de Gaulle. Recognition of Peiping would not be out of line with Mexico's eagerness to demonstrate its "freedom" from US influence and might possibly be inspired in part by a need to placate the ruling party's extreme leftist wing.

Mexico's relations with other Latin American countries continue to be dominated by rigid adherence to the tradition of "nonintervention." The Lopez government, which maintains diplomatic relations with Cuba, will probably oppose any move in the OAS to censure Cuba for its clandestine delivery of arms to Venezuelan rebels last year. However, Mexico continues quietly to implement measures to reduce travel to and from Cuba by way of Mexico.

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ARGENTINE LABOR PROTEST

The Argentine General Confederation of Labor (CGT) has launched the first stage of a militant plan to force government action on its extensive economic and political demands. These tactics could lead to violence and compound President Illia's economic problems.

The CGT gave the Illia administration, which took office last October, three months' grace before beginning its sharp criticism of government inaction on labor's problems. Heading its complaints are unemployment and the decline in real wages accompanying the economic recession of the past two years. Living costs rose 27.6 percent during 1963, accelerating during the last quarter and into 1964. Unemployment amounts to some 10 percent of the labor force, but both unemployment and underemployment are proportionately more severe in the industrial sector, the stronghold of the CGT.

In addition to economic demands, such as a minimum wage law, price control, and steps to reduce unemployment, the CGT is pressing several political issues. These include repeal of "repressive legislation"--that is, current bans on Communist and Peronist activity--and a "generous and effective amnesty." Several Peronist labor leaders are still

under detention for crimes not included in the political amnesty last year.

The first stage of the three-stage plan calls for extensive publicity and organizational activity to prepare for the more aggressive strike action to follow. The second stage, scheduled for the period 1-25 March, provides for the "partial occupation" of factories and business establishments throughout the country. The third stage is to be "complete occupation" of these facilities for a period of 24 hours sometime between 25 and 31 March, and is to be carried out if the government does not act on the CGT demands.

The government's failure to make a formal reply to the CGT's petition presented in early December has increased pressure on the confederation's leadership to assume a more aggressive stand. The relatively moderate leaders now in control of the CGT fear that their position will be undermined by the agitation of extremist elements. They hope that the government will respond to some of their demands in order to preclude carrying out the second- and third-stage plans and thereby giving the extremists a pretext for provoking violence.

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AREA NOTES

Bolivia: Vice President Juan Lechin's decision of 6 February to challenge President Paz in Bolivia's June elections seems likely to mark the beginning of a prolonged period of mounting tension and sporadic violence. This move is the most serious break in the unity of the ruling Nationalist Revolutionary Movement (MNR) since it came to power in 1952. Both the Lechin and Paz factions have substantial paramilitary forces which are relatively undisciplined.

Lechin's pro-Communist supporters in the left sector of the MNR will hold a convention beginning on 2 March. They will decide at that time whether to seek the backing of other opposition political parties of Communist and non-Communist orientation in an elec-

British Guiana: The 1-9 February freedom march organized by British Guiana's ruling People's Progressive Party (PPP) took place without serious incidents despite advance reports that the PPP was spoiling for trouble. The turnout of only 7,000-8,000 PPP supporters at the final rally in the capital was characterized by the US consul general as "unimpressive."

In his address to the rally, Premier Cheddi Jagan called for a merger of the PPP and the opposition People's National Congress (PNC), attacked British and US "imperialism," and declared "open season" on the conservative United Force party. The consul general interpreted the speech as a tacit instruction to the party faithful to refrain from provocations pend-

toral front. The Bolivian Communist Party has already announced its support of the Lechinists.

The MNR may be faced with additional defections which could cloud the electoral outlook.

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ing discussions Jagan hopes to arrange with the PNC and the mediation efforts of a Ghanaian mission which arrived this week.

Aside from Jagan's apparent desire not to foreclose these possibilities for some solution of the colony's crucial racial and political tensions--which continue to block elections leading toward independence--the largely peaceful character of the march may also be attributable to the precautionary measures taken by the police and by the British troops. Moreover, the opposition parties advised their members to keep off the streets and avoid trouble.

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